



THE PRICE OF STANDING UP FOR CHANGE

BY CHIP FLOWERS, DELAWARE STATE TREASURER

Since assuming office, the Treasury has stood for proposing change to improve the financial condition of Delaware. Often, this change has come at a heavy price – criticism that inhibits the acceptance of innovative ideas that can propel Delaware forward. Let me take a moment to explain why it was important for the Treasury to stand up for change.

First, we stood up for changing our state investments. The Treasury increased our state portfolio by over \$43 million during my term and despite a volatile economy, we had positive returns 30 out of the last 37 months. By significantly reducing costs, rewarding performance among our state's new diverse group of investment managers and establishing benchmarks, the Treasury improved our \$2 billion portfolio (of which only approximately \$650 - \$800 million is invested long term) without increasing risk. The Treasury's record shows that our portfolio, if used properly, can be an invaluable asset.

We stood up for protecting our money. The Treasury took actions to protect our portfolio at a time when policies required the Treasury to require collateral for our money only after a bank showed signs of trouble – which would have been too late. We changed the system to protect our money before a bank found itself in trouble. Today, our portfolio is protected and collateralized.

Finally, we stood up for you. The Treasury stood up for the honest way by advocating for financial disclosure, full transparency and term limits for those on our Cash Management Policy Board responsible for managing our portfolio. These are basic principles that are commonly accepted as the norm in the modern era and without question benefit the public.

The price of standing up for change is high. As you know, falsehoods about me and the Treasury continue, despite the facts. Condescending treatment by certain leaders against those challenging the status quo remind me of my adolescent days when the stronger kids would try to intimidate and bully those who stood apart from the pack, because they chose to follow a different path. This is not the way our government should operate. It is time for a new era in Delaware where change and innovative ideas are met with a listening ear and open mind.

We recognize and are mindful of the contributions of those individuals who developed institutions and processes. However, we must not be so blinded by our past that we are unable to see the need for change to improve our future. Critics constantly remind people that before I became your State Treasurer, Delaware managed its money and operated the same way for over 30 years. Imagine all the technological innovation that has transpired over the past 30 years (the personal computer and the Internet were mere ideas on a drawing board). Resisting change and harkening back to the glory days of the 1980s shows how not "letting go of the past" has crippled the First State.

This does not mean the Treasury, in its effort to stand for change, will not make mistakes – all agencies administered by the hand of man are subject to error. Rather, it means that the Treasury, in advancing change, is willing to accept scrutiny and adversity if it means we have a chance to improve our financial condition. I spent over \$200,000 of my own money campaigning for this office and gave up my first year after-tax salary for two young people to work at the Treasury, because my strong commitment to public service runs deep.

I choose to stand up for those principles that speak to the problems that keep our state from fulfilling our true economic destiny. I choose to stand up for change so your children will never have to endure similar treatment in proposing ideas that will improve Delaware. If we are to succeed, the next generation of Delawareans must be given an opportunity to propose innovative ideas and a chance to improve our state without paying a price for standing up for change.